

Responses to Managed Care & the Discount Card programs

Last Updated: December 29, 2003

Medicare Managed Care: Endorsement / Application and Endorsement

1. Are the application or start up dates different for endorsed card sponsors vs. exclusive card sponsors?
 - A. No. The dates will be the same, with the exception of M+C organizations that simultaneously apply to offer a new coordinated care plan or plans and an exclusive card program to members of such plan(s), and service area expansions under coordinated care plans, as provided under 42 CFR § 403.804(a)(2).
2. Will the discount program solicitation responses be sent at the same time as the ACR filing scheduled for 2/2/04, or will the applications be filed separately?
 - A. They will be filed separately. Applications are due into CMS January 30, 2004. ACRPs will also be due January 30, 2004. This due date for ACRPs is a few days earlier than initially indicated, as the DIMA rates will be also be released earlier than initially anticipated by CMS (on January 16, 2004), and ACRPs are due two weeks after CMS releases the new rates.
3. Should the Letter of Intent be provided at the organization level or the plan level?
 - A. Letters of intent should be provided at the organization level.
4. All members of our plan are provided "value added" discount plans for being members of the BCBS plan. This applies to members under, as well as over 65 years of age. One of the "value added" benefits is a prescription drug discount plan. Will our members over age 65 still be able to use this discount feature for their prescription drugs?
 - A. The discount card program will not affect your ability to continue offering a non-endorsed discount card program to your plan enrollees. If your organization applies for Medicare endorsement, however, it will have to demonstrate that it meets the requirements contained in either the general solicitation or the Medicare managed care solicitation (if it wishes to offer an exclusive card program). At its option, a plan may simultaneously offer its members both an endorsed discount card program and a non-endorsed discount card program.
5. Will transitional assistance be available to Medicare cost plan members as it is for M+C enrollees?

- A. Yes. Transitional assistance will be available to eligible enrollees enrolled in discount card programs sponsored by Medicare cost plans.
- 6. There are several Blue Plans that operate in service areas that are smaller than states. Would such plans be precluded from developing their own endorsed discount card program?
 - A. An entity offering a non-exclusive endorsed drug discount card program must offer the program to all eligible Medicare beneficiaries in a state included in the program's service area. However, an exclusive card sponsor could limit the service area for its exclusive card program to the service area for its Medicare managed care plan(s) offering the exclusive card program, which may include a portion of a state.
- 7. Some organizations that hold an M+C contract also serve members who are Medicare-eligible, but who are not M+C enrollees (i.e., members for whom the plan does coordination of benefits). If a plan wants to offer an exclusive card, could it offer the exclusive card to all its Medicare-eligible members (i.e., those in M+C and those in its other plans)?
 - A. An exclusive card sponsor may only offer its exclusive card program to enrollees in its Medicare managed care plans.
- 8. If an M+C organization offers 2 programs; 1 for plan members only (exclusive) and another for non-plan members (non-exclusive) is this permitted?
 - A. Yes. The organization would have to respond to both the general solicitation (for the non-exclusive card program) and the Medicare managed care solicitation (for the exclusive card program) to obtain CMS approval of both programs.

Managed Care: ACR/Benefits

1. Assuming an exclusive sponsor elects to apply TA to cost-sharing for drugs provided under its managed care plan drug benefit, is there a 5%/10% co-insurance required? For example, if there is a \$5 co-pay under the plan, is the beneficiary responsible for 25 (5%) or 50 (10%) cents?
 - A. Coinsurance is not required in this case. The full cost sharing due from a beneficiary under the Medicare drug benefit may be paid with TA funds, at the enrollee's discretion.
2. Will CMS modify the 2004 ACR [to accommodate M+COs who participate in the drug card program]?
 - A. Yes. We have done so. See Instructions for the 2004 DIMA ACRP Season for further details.
3. I work with an M+C organization that provides a prescription drug benefit for its M+C members which is subject to a maximum benefit threshold (i.e., once the member's prescription drug expenses reach a certain dollar level, the benefit is exhausted). After the member exhausts this benefit, he or she still has access to the M+C organization's negotiated discounts with network pharmacies. The M+C organization also enrolls members who elect not to purchase the prescription drug benefit. These members also have access to the M+C organization's negotiated discounts with network pharmacies, although the discounts are not the same as for M+C members who have exhausted their benefits. My question is what effect, if any, does the discount card law have on the M+C organization's ability to make these discounts available to their M+C members. Do they have to offer an endorsed card?
 - A. The endorsed discount card program is strictly voluntary. Medicare managed care organizations will not be required to offer an endorsed discount card and, at their option, can continue offering a non-endorsed discount program to their Medicare managed care plan members.

Medicare Managed Care: Cost Plans

1. What is a “Medicare cost reimbursement contractor” referred to on page 5 of the Overview under Medicare Managed Care Plans Offering Exclusive Card Programs?
 - A. We are referring to organizations offering reasonable cost reimbursement plans under Section 1876(h) of the Social Security Act.
2. Can administrative costs during the transition period be considered in the 2006 ACR?
 - A. No.
3. Will there be any changes to the cost reports for Medicare cost plans [who presumably opt for exclusive endorsement]?
 - A. No.

Medicare Managed Care: Waiver Issues

1. Will something waived for one MCO also be waived for all other MCOs automatically (that is, once CMS establishes that a provision is "waivable" by awarding a waiver to one organization -- does that decision apply uniformly across-the-board to all other MCOs?)
 - A. The waivers or modifications of requirements that are included in our regulations will apply to all Medicare managed care organizations wishing to apply for endorsement of an exclusive card sponsor. This includes waivers or modifications of the following requirements: (1) pharmacy access; (2) service area; (3) covered lives; and (4) beneficiaries' use of transitional assistance only for covered discount card drugs obtained through the endorsed card program. However, the proposed waivers and modifications in the solicitation -- as well as any additional waivers or modifications of requirements that Medicare managed care organizations may apply for as part of their application package -- will not necessarily apply across the board. Because our regulations at section 403.814(b)(3)(v) permit us to approve waivers of additional requirements as appropriate on a case-by-case basis only, we will approve a waiver or modification of endorsement requirements if an applicant: (1) applies for waiver or modification of said requirements; and (2) meets the necessary requirements for a waiver or modification of said endorsement requirements (e.g., does not currently obtain manufacturer rebates as a condition of approval for a manufacturer rebates waiver). If two similarly situated Medicare managed care organizations make the same waiver or modification request, we will treat the two applicants the same and similarly approve or deny the request for both.

Managed Care: Miscellaneous

1. If a Medicare Advantage plan has both an exclusive program for its members and a non-exclusive program for non-members in the state, can they co-mingle marketing materials-that is provide marketing materials for both programs to prospects at the same time?
 - A. If a Medicare managed care organization offers an exclusive card program to members of one of its plans, the plan members may not enroll in any other card program, including a non-exclusive card program offered by the Medicare managed care organization. In addition, individuals not enrolled in the Medicare managed care plan(s) offering the exclusive card program may not enroll in the exclusive card program. Therefore, it is not clear to us why a Medicare managed care program would wish to commingle marketing materials for its exclusive and non-exclusive programs, with the possible exception of information contained in mass media forums such as television or the organization's web site. However, our rules do not prohibit a Medicare managed care organization from commingling marketing materials for its exclusive and non-exclusive programs; obviously if this could be confusing to beneficiaries for whom only the exclusive card program is available, the Medicare managed care organization should take this under consideration in determining whether to commingle such materials. When acting as a card sponsor, these materials should not include any marketing of non-endorsed features.
2. Does CMS intend to conduct any audits of the discount card program as part of their regular biennial audits conducted by Regional Office staff?
 - A. CMS continues to develop the endorsed sponsor oversight program. While CMS will clearly be involved in managing this process, we envision a prominent role for data and contractors, including Medicare program safeguard contractors, in the oversight of the discount drug program. There may be opportunities for combination of Medicare managed care and drug card on-site oversight activities which could reduce duplication of effort in some areas (e.g., reviewing grievances).
3. The interim rule referenced other exceptions to the Uniform Premium Rule, but were not listed. Can CMS provide Plans with this information?

Non-uniformity resulting from implementation of the Medicare Drug Discount Card Program will not be taken into account in applying the uniform premium and uniform benefits requirements in section 1854(c) and 1854(f)(1)(D) of the Act. The interim rule discusses the most likely scenarios involving non-uniformity that fall under this exception. However, we recognize that Medicare managed care organizations may structure their endorsed drug discount card programs or related benefits under their Medicare managed card plans or in a manner resulting in other types of non-uniformity.

Applicants concerned about whether any non-uniformity resulting from their approach to implementation of their endorsed drug discount card programs should submit questions to CMS specifically describing their scenarios.